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CENTRAL INTELLIGENCE AGENCY

REPORT

## INFORMATION REPORT

CD NO

COUNTRY Austria

DATE DISTR. 30 June 1955

SUBJECT Austro-Soviet Negotiations on Economic Questions

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DATE OF INFO

SUPPLEMENT TO REPORT NO

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the cabinet decision to send an economic delegation to Moscow had been in the newspapers. 25X1

a delegation to negotiate the compensation deliveries would be sent by 31 May. Therefore, the delegation would have only this assignment. The Austrian delegation, however, would surely find the opportunity to discuss some of the basic questions of a trade treaty, a goods-exchange agreement and a payments agreement. 25X1

the conclusion of these treaties would not be possible in the short time allowed because Austrian economic experts must make exact estimates of their ability to deliver and that, so far, the production of the VSTA industries, which would make a contribution to the goods exchange, was not known. 25X1

in cases where Austria could not make full delivery of all items, the difference could be made up by foreign exchange. This (foreign exchange) would be the only compensation for unfulfilled deliveries. expected Moscow would make further concessions on this specific problem, in cases involving investment goods which required long delivery periods. a certain percentage of such goods could be credited to the Austrian account one year even though the deliveries would not take place until a subsequent year. 25X1

Austrian economic experts would seek the most precise definition possible of the terms of the deliveries agreement, on the question of world-market prices and similar matters for example. There are world-market prices for raw materials, he said, but certainly not for machines. 25X1

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[redacted] in practice, the price of a machine would have to be agreed upon exactly. The Soviets would establish a permanent trade delegation in Vienna which would work out details of all deliveries with the special commission to be established by the Austrians. The Soviets were interested in the most exact regulation, to avoid friction and differences.

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[redacted] although [redacted] Moscow [redacted] had foreseen the possibility that Austria might fulfill the crude oil deliveries (as compensation for the SMV) in less than 10 years, it made no provision for the possibility, which it was hoped would not become reality, that Austria would not be able to deliver 1,000,000 tons of crude oil per year. [redacted] believed that the Austro-Soviet agreement should be broadened to include this possibility and permit Austria to make up deficiencies with non-Austrian crude or through payments. [redacted] need for clarifying this matter. [redacted] this question was certainly a matter for discussion in Moscow.

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[redacted] in Soviet circles, a clear distinction was made between a trade treaty and a goods-exchange agreement. [redacted]

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[redacted] On the other hand, a goods-exchange agreement contains only the general conditions governing the quotas agreed upon and, in addition, the goods lists.

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[redacted] expected a large Austrian delegation to attend the negotiations in Moscow, and [redacted] it should be at least 15 persons.

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3. [redacted] the conclusion of these treaties would not be possible in the short time allowed because Austrian economic experts must make exact estimates of their ability to deliver and that, so far, the production of the USIA industries, which would make a contribution to the goods exchange, was not known. [redacted]  
[redacted] 25X1  
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4. [redacted] in cases where Austria could not make full delivery of all items, the difference could be made up by foreign exchange.<sup>3</sup> This (foreign exchange) would be the only compensation for unfulfilled deliveries. [redacted] expected Moscow would make further concessions on this specific problem, in cases involving investment goods which required long delivery periods. [redacted] a certain percentage of such goods could be credited to the Austrian account one year even though the deliveries would not take place until a subsequent year. 25X1  
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